

# **FISCAL NOTE**

## **SB 2647 - HB 3058**

February 15, 2002

### **SUMMARY OF BILL:**

- Requires every insurance company, other than life and health insurers, to collect a \$1.50 premium surcharge on every \$100 of insurance premium.
- Effective July 1, 2004 the surcharge rate shall be adjusted to a rate calculated to provide sufficient funds for uses and purposes of the *Firefighters Foundation Program Fund*.
- Prohibits the insurer or agent from retaining any portion of the surcharge as a fee or commission.
- Requires each insurer to submit a monthly report to the Department of Commerce and Insurance detailing the collected premium surcharges.
- The funds derived from the premium surcharge shall be used to establish the *Firefighters Foundation Program Fund*.
- Beginning July 1, 2004, the *Fund* would annually distribute to each eligible local government \$2,750 for each qualified firefighter it employs.
- Qualified volunteer fire departments would receive \$8,000 annually.
- The Commissioner would determine the eligibility of local governments to receive distributions from the *Fund* and would withhold or terminate payments to any local government not in compliance.
- Available funds at the end of each fiscal year would be used to construct new or upgrade existing training centers for firefighters.

### **ESTIMATED FISCAL IMPACT:**

**Increase State Revenues - Exceeds \$155,000,000 FY03 & FY04  
Earmarked for Firefighters Foundation Program Fund**

#### **Increase State Expenditures:**

**Department of Commerce & Insurance - \$200,000 Recurring  
\$22,500 One-Time**

**Firefighters Foundation Program Fund - \$19,700,000 Beginning FY05**

**Other Fiscal Impact – Local government revenues and expenditures are estimated to be in approximately the same amounts as shown above in the Firefighters Foundation Program Fund - \$19,700,000 Beginning FY05**

**SB 2647 - HB 3058**

Estimate assumes:

- state revenues are generated through the collection of a \$1.50 surcharge on every \$100 of insurance premium. The amount of eligible premiums collected in 2001 was \$10,399,909,617. An amount exceeding \$155,000,000 is estimated to be collected the first two years and then the fee will be adjusted as outlined in the bill
- supplements paid to volunteer fire departments will begin on July 1, 2004. An estimated 400 volunteer fire departments will receive supplements under the provisions of this bill for a total of \$3,200,000.
- supplements paid to local fire fighters will begin July 1, 2004. An estimated 6,000 firefighters will receive supplements under the provisions of this bill for a total of \$16,500,000.
- four positions and related expenses in the Department of Commerce and Insurance will be needed to implement the provisions of this bill.
- local government revenues and expenditures are based on amounts received from the *Fund*.

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director